

EMPLOYMENT

I. OVERVIEW

The Employment program is the second of 11 major programs in the statewide program structure. The overall objective of the Employment program is to assure all workers a full and equal opportunity to work, decent working conditions, fair treatment on the job, equitable compensation, and assistance in work-related difficulties.

The program consists of five principal sub-programs: Full Opportunity to Work; Occupational Safety and Health; Fair and Just Employment Practices; Assistance in Work-related Difficulties; and Overall Program Support.

Some of the major activities in the Employment program include: investigation and corrective or regulatory action to assure appropriate working conditions, fair treatment and equitable compensation; counseling, job placement and training to increase skills, job readiness and employment opportunities; and compensation payments to lessen the impact of work-related difficulties such as unemployment, injuries and disabilities.

The two organizational entities involved in the major Employment program are the Hawaii Department of Labor and Industrial Relations (DLIR) (12 lowest level programs) and the Department of Human Services (1 lowest level program).

Under the Employment program, significant relationships are maintained with Federal agencies and private sector businesses. With the Federal government, responsibilities are shared in the administration of various labor laws and programs. Funds are received from Federal agencies, primarily from the U. S. Department of Labor (USDOL), to implement various State employment and training programs. Private sector employers are affected by State labor laws and by activities coordinated with the State to increase employment, reduce work hazards, and foster equal and fair employment practices.

The (DLIR) produces labor force estimates in accordance with a Federal-State Cooperative program, using concepts, definitions, and technical procedures established by the

Bureau of Labor Statistics, USDOL. Table I-1 shows the comparison of employed and unemployed civilian labor force, over fiscal years 1999 to 2004.

A graph depicts the unemployment rate for Hawaii from fiscal years 1990 to 2004. Table I-2 shows the comparison of employment by industrial category for the calendar years 2002 and 2003.

For FY 2004, the statewide civilian labor force averaged 626,000, which is significantly higher than the previous year's average of 608,500. The average number of employed increased from 584,000 in FY 2003 to 600,800 in FY 2004. During this period, the unemployment rate remained stable.

Table I-3 shows the operating costs for the total Employment program for the planning period FY 2003-2004 to FY 2010-2011. The operating cost is projected to increase from \$312.5 million in FY 2003-2004 to \$313.2 million in FY 2010-2011.

**TABLE I-1: CIVILIAN RESIDENT POPULATION AND LABOR FORCE
HAWAII STATE, FISCAL YEAR 1999 TO FISCAL YEAR 2004**

	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04
Civilian Resident Population (end of fiscal year July 1)	1,210,300	1,212,343	1,225,038	1,240,663	1,257,608	Not Avail.
Civilian Labor Force	603,650	602,200	612,400	614,450	608,500	626,000
Employed	566,800	573,050	586,600	585,500	584,000	600,800
Unemployed	36,900	29,150	25,800	28,900	24,500	25,200
Unemployment Rate	6.1%	4.8%	4.2%	4.7%	4.0%	4.0%

Source:

Population data was obtained from the Department of Business, Economic Development & Tourism. Figure excludes military personnel and military dependents. Labor force data was obtained from the Research and Statistics Office, Department of Labor and Industrial Relations. Data rounded to nearest 50. Totals may not add up due to rounding. Data subject to revision.

HAWAII UNEMPLOYMENT RATES, FY 1990 TO 2004

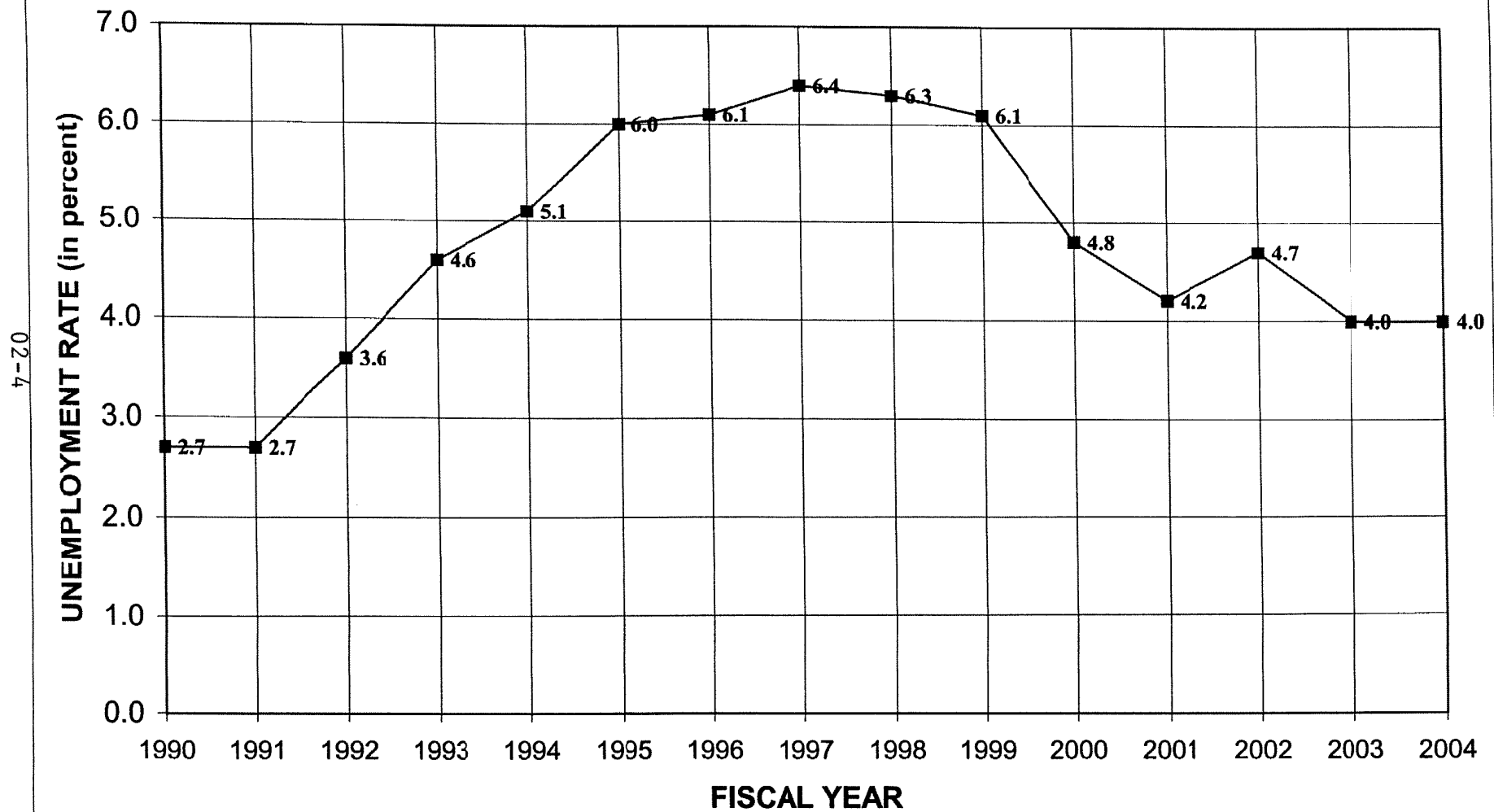


TABLE I - 2
EMPLOYMENT BY INDUSTRIAL CATEGORY
HAWAII STATE, CALENDAR YEARS 2002 AND 2003

	<u>2002</u>		<u>2003</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Total Jobs	592,950	100.0%	607,100	100.0%
Nat. Resources, Mining, Constr.	26,000	4.4%	27,900	4.6%
Manufacturing	15,200	2.6%	14,900	2.5%
Trade, Transportation, & Utilities	106,750	18.0%	107,950	17.8%
Information	11,450	1.9%	10,400	1.7%
Financial Activities	27,700	4.7%	28,350	4.7%
Professional & Business Services	67,250	11.3%	69,600	11.5%
Educational & Health Services	63,300	10.7%	65,400	10.8%
Leisure and Hospitality	97,400	16.4%	99,500	16.4%
Other Services	23,700	4.0%	24,200	4.0%
Total Government	117,950	19.9%	119,150	19.6%
Federal	30,650	5.2%	31,650	5.2%
State	70,150	11.8%	70,550	11.6%
Local	17,150	2.9%	16,950	2.8%
Agriculture	7,200	1.2%	7,100	1.2%
Other*	29,050	4.9%	32,650	5.4%

Notes:

* Includes non-agricultural self-employed, unpaid family workers and domestic workers

Data rounded to nearest 50. Totals may not add up due to rounding.

Source: Hawaii State Department of Labor & Industrial Relations, Research & Statistics Office, Labor Force Research Section.

TABLE I-3
INVESTMENT AND OPERATING COSTS
EMPLOYMENT

	F i s c a l Y e a r s							
	Actual <u>2003-04</u>	Est. <u>2004-05</u>	Rec. <u>2005-06</u>	Rec. <u>2006-07</u>	<u>2007-08</u>	<u>P r o j e c t e d</u>		
						<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	312.5	312.2	313.2	313.2	313.2	313.2	313.2	313.2
Total	312.5	312.2	313.2	313.2	313.2	313.2	313.2	313.2

^{A/} Expenditures in millions of dollars from all funds.

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

FULL OPPORTUNITY TO WORK

The Full Opportunity to Work Program is the first of five major sub-programs in the Employment program. The objective of this program is to enhance an individual's opportunity to seek and obtain employment by facilitating the development of job skills and job placement. This program consists of two lower level programs under the administration of DLIR:

- The Workforce Development program which provides employment services, and oversees and administers apprenticeship and other employment and training programs.
- The Workforce Development Council (WDC) consists of 31 members who are gubernatorial appointees with responsibilities for policy advice, oversight and accountability for the federal-funded Workforce Investment Act (WIA) programs and development of a State workforce system.

The State of Hawaii strives to maintain a high level of employment for its citizens. There are, however, many persons who are basically ill equipped to obtain and/or retain gainful employment and other qualified individuals, who must pay large fees to private agencies for placement. Furthermore, in some cases individuals are discriminated against by employers for reasons such as age, sex, race, previous work injuries, prior garnishment of wages, arrest records, religion, marital status, color, ancestry and physical and/or mental disabilities. Unemployed workers are also confronted with loss of income, savings and job opportunities. This program seeks to aid workers and potential workers who face such disadvantages by undertaking the following kinds of activities:

- Providing placement services through information and activities that match potential employees with employers; or providing training to a potential employee so that he/she will possess the skills necessary to obtain and hold gainful employment.

- ❑ Providing selected target groups of unemployed with employability services to increase personal and occupational skills in order to obtain and retain gainful employment.
- ❑ Providing training programs that include remedial education, work experience training, apprenticeship or specific classroom training, and on-the-job training for various occupations.
- ❑ Providing employment programs designed to create temporary job opportunities in the public sector and among non-profit agencies.
- ❑ Providing career and employment services for high school students.
- ❑ Providing employer-driven training programs to improve the long-term employability of Hawaii's people by developing their skills to meet international, national and local economic, technological and demographic changes.

In addition to the previously listed program activities, the WDC, which is administratively attached to DLIR, is the state board mandated by the federal Workforce Investment Act of 1998, to plan and coordinate workforce programs, services, and funding streams. It also recommends and acts on State workforce development policies.

A critical external program relationship with the USDOL provides nearly 100% of the funding for the Workforce Development program. This program is particularly sensitive to national policy and program direction in the field of human resources.

The Federal government requires negotiated performance measures, a statewide workforce investment plan, one-stop service centers and an annual accomplishments and accountability report to the USDOL. The involvement of private sector, workforce-related agencies and community partners are mandated in the state and local workforce boards. The WIA funds are allocated to the local workforce areas based on a formula including unemployment and poverty data. The WIA (Public Law 105-220) program was implemented on July 1, 2000.

External relationships with the private sector and community and consumer representatives are established as mandated to ensure comprehensive input. Perceptions in target populations are identified and drive deliverance of program services to meet specific needs. Private sector input is critical in the development and implementation of program plans.

The WIA requires collaboration among agencies and programs in planning and delivering workforce services. The State Departments of Labor and Industrial Relations; Human Services; Business, Economic, Development and Tourism; Education and the University of Hawaii are members of the WDC. All local workforce boards, two mayors and representatives of veterans, the disabled, and migrant and seasonal farm workers, are also represented on the Council. The majority of the Council and the Chairperson must be from private business management because employers (who provide jobs) and job seekers are WIA customers.

Overlapping concerns mandate close program relationships with the Department of Education, the University of Hawaii, the Department of Human Services, the Department of Business and Economic Development and Tourism, the Department of Human Resources Development, the Office of Aging, and the State Career and Technical Education Coordinating Advisory Council.

The new paradigm in promoting workforce development is that the availability of skilled human resources influences the capacity for economic development. Hawaii's focus on diversifying its economy by emphasizing technology businesses is constrained by the shortage of technology workers. There are also growing shortages in selected health occupations, teaching fields, skilled trade occupations, law enforcement and other protective service jobs. The State's ability to compete for workers seems to be limited by education opportunities, non-competitive pay, high cost of living and affordable housing. Reforms in education and availability of responsive training programs for emerging, expanding and upgrading worker skills should be emphasized and prioritized if the State is to successfully achieve a competitive 21st century workforce.

Investment and operating costs and measures of effectiveness for this Level II program are shown in Table II-1. During the planning period, FY 2003-2004 to FY 2010-2011, the Workforce Development program will continue to promote training and

employment opportunities for low-income individuals and workers who have been laid off from their jobs.

Total cost for this Level II program for the planning period FY 2003-2004 to FY 2010-2011 is expected to decrease slightly from \$61.2 million to \$60.15 million.

TABLE II-1

INVESTMENT AND OPERATING COSTS AND MEASURES OF EFFECTIVENESS/ACTIVITY

FULL OPPORTUNITY TO WORK

	F i s c a l Y e a r s							
	Actual 2003-04	Est. 2004-05	Rec. 2005-06	Rec. 2006-07	2007-08	P r o j e c t e d		
						2008-09	2009-10	2010-11
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	61.2	60.79	60.15	60.15	60.15	60.15	60.15	60.15
Total	61.2	60.79	60.15	60.15	60.15	60.15	60.15	60.15
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Job applicants served as % of total registered.	100	100	100	100	100	100	100	100
Adults placed in jobs as % of completed training.	73	71	71	71	71	71	71	71
Youth attained skills as % of total enrollment.	59	60	60	60	60	60	60	60
Apprenticeship completed as % of total registered.	25	25	25	25	25	25	25	25

^{A/} Expenditures in millions of dollars from all funds.

OCCUPATIONAL SAFETY AND HEALTH

Occupational Safety and Health (OSH) is the second of five Level II sub-programs under Employment. It seeks to assure that all employees are provided a working environment that will not endanger their health and safety and that boilers and elevators, amusement rides, and related equipment are safe for public use.

This Level II program consists of two programs, the Occupational Safety and Health Law, Chapter 396, Hawaii Revised Statutes, and the Boiler and Elevator Safety Law, Chapter 397, Hawaii Revised Statutes.

The industrial environment has traditionally been the scene of fatalities, injuries and health hazards for workers, as well as a source for public safety hazards. While enforcement has been the traditional tool for government to address both public and worker safety issues, the current strategy is for government to utilize a variety of tools including training, outreach, partnerships, and a mix of incentives and disincentives to achieve not only voluntary compliance with safety rules, but accident prevention and reduction of workers' compensation costs. The following major activities are undertaken in this program:

- ❑ Inspections for determining compliance with the Hawaii Occupational Safety and Health Law and the applicable Federal OSH Standards, Rules and Regulations.
- ❑ Inspections of boilers, elevators, amusement rides, and related equipment prior to permitting use.
- ❑ Investigations of catastrophes and fatalities to prevent recurrence.
- ❑ Investigations and inspections in response to complaints.
- ❑ Investigations in response to whistleblower complaints about safety and health.
- ❑ Training and education classes and information dissemination regarding techniques and procedures for identifying, eliminating, and reducing safety and health hazards.

- ❑ Consultations regarding occupational safety and health hazards and effective safety and health programming.
- ❑ Standards revision and new standards promulgation.
- ❑ Certification of blasters and pyrotechnics specialists (fire displays).
- ❑ Certification and regulations of hoisting machine operators. (Hoisting Machine Operators Advisory Board).

Both the occupational safety and health and the boiler and elevator safety programs have regulatory responsibilities over the public as well as private sector. Other State agencies and the county government must comply with the same rules as the private sector. Fees and citations are assessed in the same manner as the private sector.

The State's OSH program is one of 26 approved State plans authorized under the federal Occupational Safety and Health Act. The Act requires that states have a consultation program for which the federal government provides 90% of the funding. Continued State plan approval entails an annual evaluation program to ensure that the State's program is "as effective as" that of the Occupational Safety and Health Administration (OSHA). The OSHA provides up to 50% of the funding for the state OSH program. In addition, overlapping areas of concern mandate close program relationships with the State Departments of Health; Business, Economic Development and Tourism; Human Resources Development; and the State Fire Council. At the county level, close program coordination is maintained with the county fire and civil defense agencies. At the federal level, the division maintains a relationship with the Bureau of Alcohol, Tobacco, and Firearms (currently part of the Department of Homeland Security).

Since the beginning of the program in 1974, the injury and illness rate has declined by 58% from 13.8 in 1974 to 5.8 in 2004, with most of the decline occurring since 1992, when the program instituted federally mandated penalty increases as well as increased outreach and assistance for employers. Although the program's Strategic Plan is more customer focused and results oriented with fewer resources than ever before, the challenges of attracting and retaining qualified staff, increasingly complex regulations, new technology, and measurements of results have strained the current capability of the program's staff to meet the needs of small businesses,

the workers of the State and the public. Severe position vacancies threaten the past accomplishments on certain islands or areas where accidents and costs are on the rise again and there is less protection for workers. The increase in injury and illness rate from 5.7 in 2001 to 5.8 in 2004 may be a result of limited resources.

Operating costs and selected measures of effectiveness for the recommended program are shown on Table II-2. Annual operating costs for this Level II program for the planning period, FY 2003-2004 to FY 2010-2011 will increase from \$3.98 million to \$4.24 million.

TABLE II-2
INVESTMENT AND OPERATING COSTS AND MEASURES OF EFFECTIVENESS/ACTIVITY
OCCUPATIONAL SAFETY AND HEALTH

	F i s c a l Y e a r s							
	Actual 2003-04	Est. 2004-05	Rec. 2005-06	Rec. 2006-07	2007-08	P r o j e c t e d		
						2008-09	2009-10	2010-11
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	3.98	4.05	4.24	4.24	4.24	4.24	4.24	4.24
Total	3.98	4.05	4.24	4.24	4.24	4.24	4.24	4.24
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Industrial fatality rate (deaths/100,000 employees).	20	20	20	20	20	20	20	20
Accident, injury/illness rate per 100 employees.	5.8	6	6	6	6	6	6	6

^{A/} Expenditures in millions of dollars from all funds.

FAIR AND JUST EMPLOYMENT PRACTICES

This sub-program is the third of five Level II programs in the overall Employment program. It seeks to assure employees fair and equitable treatment on the job for wage and non-wage matters by adopting and enforcing necessary legislation and regulations and by providing services that would promote sound labor-management relations.

The Fair and Just Employment Practices program consists of three lower level programs and is administered wholly within DLIR.

This program provides the means whereby covered employees can report alleged violations of various labor laws and seek assistance in collecting back pay and obtaining other lawful rights and benefits relating to unpaid wages, minimum wage overtime, child labor, family leave, prevailing wages on government construction projects, lie detector tests, and unlawful termination due to work injury.

Major activities conducted by the Wage Standards Division include:

- (1) Investigation and hearing of complaints.
- (2) Certification relating to child labor, sheltered workshops, workers with disabilities, and timely payment of wages.
- (3) Routine compliance checks.
- (4) Educational workshops.

This program also provides means to resolve unfair labor practice charges or complaints through the Hawaii Labor Relations Board (HLRB), which is assigned to DLIR for administrative purposes only. The primary role of the HLRB is to resolve collective bargaining disputes involving State and county employees but it has limited jurisdiction over private sector employees who do not fall under the jurisdiction of the federal National Labor Relations Board. Attempts are made through the HLRB to minimize controversies and expedite the resolution of disputes between labor and management.

The Hawaii Civil Rights Commission (HCRC) has enforcement jurisdiction over state laws prohibiting discrimination in employment, public accommodations, real property transactions,

and State-funded services. The HCRC is within DLIR for administrative purposes only.

The HCRC provides a mechanism for a uniform procedure for the enforcement of the state discrimination laws. It receives, investigates, conciliates, and litigates complaints. The Commission also holds hearings and conducts public education, and has initiated a voluntary mediation program.

Federal fair employment and fair housing laws are enforced by the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD), respectively. Pursuant to work share cooperative agreements, both EEOC and HUD rely on the HCRC to investigate complaints under both state and federal law ("dual-filed" complaints).

While Hawaii and federal fair employment and fair housing laws are similar, they are not identical. Hawaii has protected classes that are not covered under federal law, and there are substantial differences in the scope of jurisdiction. Hawaii law provides stronger protection against discrimination in several areas.

In addition, joint enforcement responsibility under the State public works law relating to prevailing wages and hours requires close working relationships with the various State and county governmental contracting agencies. Memoranda of Agreements have already been negotiated with the State Department of Transportation and the Department of Accounting and General Services. Appeals and litigation to enforce the various labor laws mandate a coordinated working relationship with the Department of Attorney General.

Annual operating costs for this program through the planning period FY 2003-2004 to FY 2010-2011 is expected to increase slightly from \$3.3 million to \$3.34 million.

Operating costs and selected measures of effectiveness for the recommended program are shown on Table II-3.

TABLE II-3
INVESTMENT AND OPERATING COSTS AND MEASURES OF EFFECTIVENESS/ACTIVITY
FAIR AND JUST EMPLOYMENT PRACTICES

	F i s c a l Y e a r s							
	Actual 2003-04	Est. 2004-05	Rec. 2005-06	Rec. 2006-07	2007-08	P r o j e c t e d		
						2008-09	2009-10	2010-11
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	3.3	3.14	3.34	3.34	3.34	3.34	3.34	3.34
Total	3.3	3.14	3.34	3.34	3.34	3.34	3.34	3.34
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Number of monetary violations per 100 employers investigated.	58	50	50	50	50	50	50	50
Number of wage complaints per 100,000 employees.	102	117	117	117	117	117	117	117
Enrollees at educational workshops.	306	425	425	425	425	425	425	425

^{A/} Expenditures in millions of dollars from all funds.

ASSISTANCE IN WORK-RELATED DIFFICULTIES

This is the fourth Level II sub-program under the Employment program. It seeks to protect individuals from undue economic hardships resulting from the involuntary loss of a job or due to work or non-work related injury or illness and to assist those disabled to resume gainful employment.

Altogether, this program consists of three lowest level programs, Unemployment Compensation, Disability Compensation and Vocational Rehabilitation. Two organizational entities administer these programs: Department of Labor and Industrial Relations (Unemployment Compensation and Disability Compensation programs) and the Department of Human Services (Vocational Rehabilitation).

This program carries out activities designed to return persons, who involuntarily are unable to work for a variety of reasons, to the workforce. It also provides compensation to prevent undue economic hardship during the period any person is involuntarily unable to work. The specific activities include:

- Providing compensation for able-bodied workers during periods of involuntary unemployment.
- Providing payment to workers who are unable to work for reasons of illness or injury.
- Providing health care coverage to help workers meet high costs of hospital and medical care.
- Assisting workers with physical, mental, or behavioral disabilities by providing training, therapy, counseling, treatment, prosthetic devices, etc.

In many cases, these activities enable the worker to enter a field of work in which his physical or other deficiency is adequately compensated for.

Program costs and selected measures of effectiveness for the recommended program are shown on Table II-4.

Annual program operating cost for the planning period, FY 2003-2004 to FY 2010-2011 will increase from \$225.5 million to \$227.8 million.

TABLE II-4
INVESTMENT AND OPERATING COSTS AND MEASURES OF EFFECTIVENESS/ACTIVITY
ASSISTANCE IN WORK-RELATED DIFFICULTIES

	F i s c a l Y e a r s							
	Actual 2003-04	Est. 2004-05	Rec. 2005-06	Rec. 2006-07	2007-08	P r o j e c t e d		
						2008-09	2009-10	2010-11
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	225.5	225.2	227.8	227.8	228.8	227.8	227.8	227.8
Total	225.5	225.2	227.8	227.8	228.8	227.8	227.8	227.8
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percentage of vocational rehabilitation participants returned to work (WC).	59	60	60	60	60	60	60	60
Average time to achieve gainful employment - post vocational rehabilitation (months).	27	30	30	30	30	30	30	30
Number in rehabilitation programs.	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800
Number of rehabilitation participants in plan.	1,350	1,375	1,375	1,375	1,375	1,375	1,375	1,375
Total new claims (WC).	29,404	30,000	30,000	30,000	30,000	30,000	30,000	30,000

^{A/} Expenditures in millions of dollars from all funds.

OVERALL PROGRAM SUPPORT

This program is the fifth of five major sub-programs. It seeks to enhance the effectiveness and efficiency by providing executive direction, program planning and analysis, other program support, and administrative services.

This Level II program consists of four individual, lowest level programs which are administered by DLIR. The programs and its activities include:

- (1) Data Gathering, Research and Analysis - Employment - Activities designed to enhance program effectiveness and efficiency by gathering, analyzing and reporting workforce, employment, unemployment, and other labor-related economic data as well as labor program operations management information.
- (2) General Administration for Employment - Activities are designed to enhance program effectiveness and efficiency by formulating policies, directing operations and personnel, and providing other administrative and housekeeping services.
- (3) Office of Community Services (administratively attached to DLIR) - Activities are designed to use a holistic approach to achieving and sustaining self-sufficiency for economically disadvantaged persons, immigrants, and refugees by contracting employment and related support services to private non-profit agencies throughout the State.
- (4) Labor and Industrial Relations Appeals Board (administratively attached to DLIR) - Activities designed to enhance program effectiveness and efficiency by providing prompt response, equitable treatment, and administrative redress to parties appealing to the Board on various labor laws.

This program provides administrative and other housekeeping services for various programs involved in employment and training. At the present time, the following State agencies are actively involved in the employment and training planning process:

1. Department of Labor and Industrial Relations
2. Department of Education
3. Department of Human Services
4. Department of Health

5. Department of Agriculture
6. Department of Business and Economic Development and Tourism
7. University of Hawaii System
8. Department of Human Resources Development
9. Office of Planning
10. Law Enforcement and Juvenile Delinquency Agency
11. Executive Office on Aging
12. Workforce Development Council

Investment and operating costs and measures of effectiveness for this Level II program are summarized in Table II-5.

Annual operating costs for this Level II program from FY 2003-2004 to FY 2010-2011 will decrease from \$18.53 million to \$17.70 million.

TABLE II-5

INVESTMENT AND OPERATING COSTS AND MEASURES OF EFFECTIVENESS/ACTIVITY

OVERALL PROGRAM SUPPORT

	F i s c a l Y e a r s							
	Actual 2003-04	Est. 2004-05	Rec. 2005-06	Rec. 2006-07	2007-08	P r o j e c t e d		
						2008-09	2009-10	2010-11
A. <u>Costs of the Recommended Program</u> ^{A/}								
Capital Investment	...	...	...	...	...	...	...	...
Operating	18.53	19.07	17.7	17.7	17.7	17.7	17.7	17.7
Total	18.53	19.07	17.7	17.7	17.7	17.7	17.7	17.7
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percentage of federally-mandated reports that are timely.	99	99	99	99	99	99	99	99
Administrative decisions sustained as a % of appeals to higher body.	90	90	90	90	90	90	90	90
Percent of immigrant individuals/ households served that obtained employment.	95	95	95	95	95	95	95	95

^{A/} Expenditures in millions of dollars from all funds.

III. PROGRAM CHANGE RECOMMENDATION

State General Funds

Reduction in the Office of Community Services' (OCS) Purchase of Services (POS) budget by \$846,919 for each year of the fiscal biennium. This may result in less services to the economically disadvantaged, immigrants, and refugees. OCS has been working with the State Department of Human Services (DHS) to obtain federal Temporary Assistance to Needy Families (TANF) funds for servicing certain qualified clients.

Restoration of 1.50 permanent positions for the Hawaii Occupational Safety and Health Program (HIOSH) as authorized by Act 154/2004.

Interdepartmental Transfer

Increase the budget ceiling by \$830,686 in each year of the biennium budget for higher fringe benefits and administrative adjustments to support the Workforce Development Division's (WDD) Food Stamps and First-to-Work Programs.

WDD will also provide job placement services for non-custodial parents with 21.00 temporary employment service specialists and a budget of \$1,310,604 per fiscal year.

All interdepartmental transfers will be received from DHS.

Special Funds

Reduction in the budget ceiling of \$3,005,466 in each year of the fiscal biennium due to the lower assessment rate from .03% to .01% for WDD's Employment and Training Fund.

Federal Funds

Restoration of 21.45 permanent and 3.00 temporary positions authorized by Act 154/2004. These positions will support WDD, HIOSH, Unemployment Insurance (UI), Research and Statistics (R&S). General Administration (Admin), and OCS programs.

The Hawaii Civil Rights Commission (HCRC) increased their federal staff by 1.50 positions to process cases filed with the United States Equal Employment Opportunity Commission

(EEOC) and the United States Department of Housing and Urban Development (HUD).

Revolving Funds

Budgeted \$50,000 and .50 for a temporary position in each year of the biennium budget for the HIOSH's Hoisting Machine Operators' Certification revolving fund established under Chapter 396-20, Hawaii Revised Statutes.

IV. EMERGING CONDITIONS, TRENDS AND ISSUES

A major focus during the upcoming biennium will be to conform to national initiatives by:

- Continuing to consolidate employment and training services and providing customers with easy access to a wide array of program services (including services provided by other State and county agencies and community-based organizations) and information that will help them make informed choices about education and training options, through a One-Stop Center for Workforce Assistance.
- Continuing efforts to increase the efficiency and effectiveness of the Unemployment Insurance program by providing employers with access to various unemployment insurance services through the Internet, upgrading Information Technology infrastructure and enhancing benefit payment control capabilities.

The Workforce Development programs will continue to focus upon improving access to employment and training programs. With continued decline in the number of young entrants into the labor force, significant impact of technology on the workplace, and continuing growth in most occupations (see Job outlook section below), the Workforce Development programs are preparing to increase recruitment through outreach efforts and to provide programs to train and place individuals into jobs.

Efforts will be directed toward recruiting and preparing workers from groups that traditionally have had low participation rates in the workforce. The Workforce Development programs will continue to focus efforts on strengthening partnerships with employers and other service organizations to coordinate and expedite the match of job seekers and available jobs.

As in previous years, adequate funding of employment and training programs is a continuing concern.

Workforce development is seen as the key resource to changing skill demands, especially in technology industries and occupations. Hawaii's initiatives to diversify the economy have attracted new technology and expanding businesses that are in need of skilled workers.

Ten one-stop centers and four satellite offices in four local workforce areas (Oahu, Hawaii, Maui and Kauai Counties) are serving adult, dislocated and youth job seekers. Employers may place job orders through telephone and Internet links and access training services through the Employment and Training Fund. Job seekers may access employment and training information at the centers through Internet linkages and receive assessment, counseling and training services.

Key to the development of a State workforce system is the leadership of the State and local workforce investment boards (WDC and Local Workforce Investment Boards). These private/public partnership boards and youth councils are mapping the workforce policies and strategies for their communities. Training providers and youth service providers are being contracted to carry out these services. The business leadership of the community is represented on the boards and needs to join together to achieve a workforce system.

There are many pieces in the workforce development system which need to be connected and coordinated to maximize effectiveness and efficiency. DLIR takes a leadership role in these partnerships and has federal and some state resources to deliver employment services to the public, target populations and businesses and industries that need workers. Over the past four years, DLIR has continued to improve and expand on the unified WIA plan to obtain federal monies from WIA and a State Workforce Development Strategic Plan which sets a blueprint for system development. DLIR has long had lead responsibilities for being the workforce point agency and the convener for collaborative agencies and community organizations.

The major focus of the Vocational Rehabilitation program during the next biennium will be on:

- Training counselors in the field of rehabilitation to meet the diverse needs of individuals with disabilities, especially the most significantly disabled to achieve their maximum employment and economic self-sufficiency.
- Coordinating with the workforce development system to provide individuals with disability participation and access to its vocational training and employment programs.

- The development of resources to develop job and career opportunities for individuals with disabilities in the competitive labor market through partnerships with private industry.

JOB OUTLOOK

Hawaii's economy is expected to remain vibrant for the next few years. The return of tourism to the islands will result in healthy gains to the visitor industry, and construction and real estate are expected to benefit from continued low interest rates coupled with the demand for housing.

Both the service-producing industries and goods-producing industries will post overall increases. Not surprisingly, the service-producing industries will dominate job gains. Industries such as education and health services and professional and business services, will account for the most number of new jobs. Goods-producing industries will increase at a slower pace. Strong growth within the construction industry will provide positive employment gains for the goods-producing sector.

As the industrial composition of the labor market changes, it will have an impact on the occupational structure of the labor force.

A variety of service jobs will continue to represent the largest occupational division in the state. The rising demand for medical care, increased concern over crime and vandalism, and the rebound in tourism which stimulates demand at hotels, restaurants, etc., will create many jobs. Prospects will be best for waiters and waitresses. Food preparation and service workers, security guards, janitors, and maids and housekeeping cleaners are also projected to add significant numbers of workers.

Job opportunities will be plentiful for professional and related occupations. The majority of workers within this group have at least some college education. Healthcare and education will lead the expansion. The demand for registered, licensed practical and licensed vocational nurses will experience large growth. Elementary and secondary school teachers, teacher assistants, and self-enrichment teachers will offer the most openings. Employment prospects also

appear favorable for social and human service assistants, lawyers, and computer systems analysts.

Office and administrative support occupations will remain one of the largest occupational categories. However, its growth rate will be among the slowest in comparison to the other occupational groups due to extensive use of electronic business processes and systems by employers. Most of the job opportunities will arise from job turnover and will be best for general office clerks, stock clerks and order fillers, customer service representatives, bookkeeping, accounting and auditing clerks, and receptionists and information clerks.

Sales and related occupations will advance slowly. As tourism continues to improve, many full and part-time openings are expected for retail salespersons, cashiers, and wholesale and manufacturing sales representatives. The high turnover of these occupations will also create job openings.

Opportunities are also projected to be good for management, business and financial occupations. General and operations managers, accountants and auditors, and sales managers will lead the growth within this group.

Transportation and material moving occupations will increase slightly. The largest job advances will be attributed to hand laborers and freight, stock, and material movers, both heavy and light truck drivers, and cleaners of vehicles and equipment.

Although the construction and extraction occupational group will remain relatively small, this group is projected to expand the fastest. Various ongoing and planned construction projects will increase the need for construction, laborers, carpenters, electricians, first-line supervisors/managers of construction trades, extraction workers, plumbers, pipefitters, and steamfitters.

Modest employment gains are anticipated for installation, maintenance, and repair; and production occupations due to continued technological developments and the increased use of automated machinery. General maintenance and repair workers, automotive service technicians and mechanics, first-line supervisors/managers of mechanics, installers, and repairers, and assistants for installation, maintenance, and repair workers will create most of the installation, maintenance, and repair openings.

Farming, fishing and forestry occupations will provide the fewest number of jobs and will rank last in terms of growth. As farming continues to be done on a smaller scale, opportunities will be limited.

FEDERAL LEGISLATION

In accordance with the federal Workforce Investment Act of 1998, continued major emphasis will be to deliver coordinated workforce development services and comprehensive information through One-Stop Centers.

ECONOMY

In light of the workforce's impact on economic conditions, DLIR needs to collaborate with the Department of Business, Economic Development and Tourism, the University of Hawaii, the counties, and the private sector to provide timely training and invest resources for targeted industries with the potential for economic development. The WDC has identified this objective as one of the State's highest workforce development priorities.